

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Whitie River Township	County	MUSKEGON	Type	TOWNSHIP	MuniCode	61-1-160
Opinion Date-Use Calendar	Jul 25, 2008	Audit Submitted -Use Calendar	Aug 4, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$ 258,296.00"/>
General Fund Expenditure:	<input type="text" value="\$ 238,883.00"/>
Major Fund Deficit Amount:	<input type="text" value="\$ 0.00"/>

General Fund Balance:	<input type="text" value="\$ 606,451.00"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="\$ 0.00"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Jodi	Last Name	DeKuiper	Ten Digit License Number	1101021180				
CPA Street Address	711 West Main Street	City	Fremont	State	MI	Zip Code	49412	Telephone	+1 (231) 924-6890
CPA Firm Name	Hendon & Slate PC	Unit's Street Address	7386 Post Road	City	Montague	LU Zip	49437		

**WHITE RIVER TOWNSHIP
MUSKEGON COUNTY, MI**

FINANCIAL STATEMENTS

MARCH 31, 2008

TABLE OF CONTENTS

	<u>Page</u>
Township Board.....	ii
Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 6
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government Wide Statement of Net Assets.....	7
Government Wide Statement of Activities.....	8
Governmental Fund Balance Sheet.....	9
Reconciliation of the Balance Sheet of governmental funds to the Statement of Net Assets.....	10
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance.....	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Net Assets.....	12
Statement of Net Assets - Fiduciary Fund.....	13
Notes to the Financial Statements.....	14 - 22
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison for Major Funds:	
General Fund.....	23
 <u>SUPPLEMENTAL INFORMATION</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget & Actual - General Fund.....	24 - 28

WHITE RIVER TOWNSHIP

Township Board

<u>Appointed Official</u>	<u>Position</u>
Michael Cockerill	Supervisor
Deborah Harris	Treasurer
Joy Ann Lehman	Clerk
Holly Hughes	Trustee
Robert Suits	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
White River Township
Muskegon County
Montague, MI

Independent Auditor's Report

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of White River Township as of and for the year ended March 31, 2008, which collectively comprise a portion of the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise White River Township, Michigan's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied

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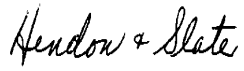
Fremont
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Montague
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Montague, MI 49437
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Hart
1550 N. Industrial Park Drive
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in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
July 25, 2008

**WHITE RIVER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED MARCH 31, 2008**

As the Township Board of the White River Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the White River Township for the fiscal year ended March 31, 2008.

Overview of the Township

The taxable value of the township went from \$75,547,131 in October 2006 to \$80,120,560 in October 2007. There were 5 new homes in 2006 and 8 new homes in 2007. Some of the increase in taxable value is due to homes being uncapped when purchased.

The Township is historically conservative with its budget. We often underestimate actual income and over estimate cost.

The Township took Steve DeKoster, Lakeshore Dunes, to court for violating the Township zoning ordinance. The Township won the non-jury case which cost the Township close to \$50,000 between the Planning and Zoning Commission and the Township Board.

Using this Annual Report

This annual report consists of a series of financial statements. The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements. All of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Township are just general government. The Township has no business-type activities such as sewer, water, and fire or ambulance service.

Financial Highlights

1. The assets of the White River Township exceeded its liabilities at the close of the fiscal year by \$926,932. Of this amount, all may be used to meet the Township's ongoing obligations to citizens.
2. As of the close of the current fiscal year, the Township's governmental funds reported an ending fund balance of \$606,451 - an increase of \$19,413 in comparison with the prior year. The total amount is available for spending at the Township's discretion.
3. We have established some office hours which has helped with phone calls, and tax collections, which in turn has cut costs.
4. The Township's total debt is \$-0- during the current fiscal year.

Management's Discussion & Analysis (Continued)

The Township as a Whole

The Township's combined net assets increased .6% from two years ago - from \$921,184 to 926,932. In a condensed format, the table below shows key financial information.

	Governmental Activities	
	<u>2008</u>	<u>2006</u>
Current Assets	\$ 638,594	\$ 596,220
Noncurrent Capital Assets	313,391	334,724
Total Assets	<u>\$ 951,985</u>	<u>\$ 930,944</u>
Current Liabilities	<u>\$ 25,053</u>	<u>\$ 9,760</u>
Total Liabilities	<u>\$ 25,053</u>	<u>\$ 9,760</u>
Net Assets		
Invested in Capital Assets - Net of Debt	\$ 313,391	\$ 334,724
Unrestricted	613,541	586,460
Total Net Assets	<u>\$ 926,932</u>	<u>\$ 921,184</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$27,081 for the governmental activities. This represents an increase of approximately 4.6%.

	Governmental Activities	
	<u>2008</u>	<u>2006</u>
Program Revenues		
Charges for Services	\$ 18,319	\$ 27,995
General Revenues		
Property Taxes	97,941	88,716
State Shared Revenues	92,055	90,367
Investment Earnings	29,282	18,607
Refunds & Rebates	17,599	19,186
Other	3,100	613
Total Revenues	258,296	245,484
Program Expenses		
General Government	(118,407)	(87,091)
Public Safety	(80,939)	(78,194)
Public Works	(6,003)	(11,492)
Community/Economic Development	(25,819)	-
Recreation & Culture	(2,875)	(612)
Other Functions	(10,047)	(12,592)
Total Expenses	<u>(244,090)</u>	<u>(189,981)</u>
Change in Net Assets	14,206	55,503
Beginning Net Assets	912,726	865,681
Ending Net Assets	<u>\$ 926,932</u>	<u>\$ 921,184</u>

Governmental Activities

The Township's total governmental revenues increased by almost \$13,000 or 5.2%. This was due largely to an increase in interest income and property taxes offset by a decrease in charges for services. Expenditures increased approximately \$54,000 due mostly to an increase in attorney fees (\$27,000), assessor costs (\$8,600) fire protection services (\$10,000) and planner fees (\$6,700) for the Township when compared with 2006.

The Township's fund

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major fund for 2008 was the General Fund.

The General Fund pays for the Township's governmental services. About 48% of the General Fund expenditures are made up of general government, amounting to \$115,244. Another 44% was for public safety with the largest portion going to Montague Fire Department. The total expenditures were 27% for payroll, 25% for Montague Fire Department, and 17% for attorney and planning fees with the remaining total for other expenses.

General Fund Budgetary Highlights

Over the course of the year, the Township Board made amendments to the budget to take into account events during the year. There was a significant increase in the Planning and Zoning Commission budget due to legal and planning fees related to the Lakeshore Dunes zoning issues and also to the Township Hall to cover the new office receptionist wages. There were two material overexpenditures during the year which resulted from audit adjustments.

Capital Asset and Debt Administration

At the end of March 2008, the Township had over \$356,000 invested in capital assets including land, land improvements, buildings, and building improvements. In addition the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Muskegon County Road Commission (along with the responsibility to maintain them.)

As of March 31, 2008, the Township has no outstanding debt reported in the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2008-2009 calls for a slight decrease in revenues from the prior budget of \$3,000 but a decrease of approximately \$17,000 from actual revenues through interest, licenses & permits, and refunds & reimbursements. General Fund expenditures were budgeted for nearly a \$10,000 decrease from the 2007-2008 final budget. This is however, \$180,642 higher than the 2007-2008 actual numbers. This increase is due to \$166,425 budgeted for the Dune Sanctuary purchase and \$10,000 set aside for contingencies.

Management's Discussion & Analysis (Continued)

The Township operates from the General Fund. At the May 6, 2008 election, the three participating municipalities of the Montague Fire District Authority voted in 1.9 mills to support a new fire station and operating funds. That will free up those funds that had been previously used to support the weighted formula for the Fire Authority. The Muskegon County Road Commission has been asked to look at the Hancock Road End for resurfacing repairs and reclaiming the road end to the water that has been encroached on.

The Township has received a Department of Natural Resource Land Trust Fund Grant in the amount of \$650,000 for the purchase of the Gezon property to add to the Township Barrier Dune Sanctuary. The Township is obligated to pay 25% of the Grant. At this time the Township has 27%.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

WHITE RIVER TOWNSHIP

Government Wide Statement of Net Assets March 31, 2008

	Governmental <u>Activities</u>
ASSETS	
Cash and Investments	\$ 614,763
Taxes Receivable	12,239
Prepaid Insurance	7,090
Due From Fiduciary Fund	4,502
Capital Assets, Net	<u>313,391</u>
Total Assets	951,985
LIABILITIES	
Accounts Payable	17,574
Accrued Payroll	<u>7,479</u>
Total Liabilities	<u>25,053</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	313,391
Unrestricted	<u>613,541</u>
Total Net Assets	<u><u>\$ 926,932</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Statement of Activities For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Total</u>
General Government	(118,407)	450	(117,957)
Public Safety	(80,939)	17,869	(63,070)
Public Works	(6,003)	-	(6,003)
Community/Economic Development	(25,819)	-	(25,819)
Recreation & Culture	(2,875)	-	(2,875)
Other	(10,047)	-	(10,047)
Total Governmental Activities	<u>\$ (244,090)</u>	<u>\$ 18,319</u>	<u>\$ (225,771)</u>

General Revenues

Taxes	\$ 97,941
State Grants	92,055
Interest	29,282
Refunds & Reimbursements	17,599
Other	<u>3,100</u>
Total General Revenues	<u>\$ 239,977</u>
Change in Net Assets	14,206
Net Assets - April 1, 2007	<u>912,726</u>
Net Assets - March 31, 2008	<u>\$ 926,932</u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Governmental Funds Balance Sheet
March 31, 2008

	General <u>Fund</u>
ASSETS	
Cash and Investments	\$ 614,763
Taxes Receivable	12,239
Due From Fiduciary Fund	<u>4,502</u>
Total Assets	<u><u>\$ 631,504</u></u>
LIABILITIES	
Accounts Payable	\$ 17,574
Accrued Payroll	<u>7,479</u>
Total Liabilities	25,053
FUND BALANCES	
Designated	8,701
Unreserved	<u>597,750</u>
Total Fund Balances	<u>606,451</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 631,504</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets March 31, 2008

Total Governmental Fund Balances	\$	606,451
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid Insurance reflects amounts that will be used in a future period	7,090
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Assets	356,145
Governmental Accumulated Depreciation	<u>(42,754)</u>
Total Net Assets - Governmental Activities:	<u><u>\$ 926,932</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2008

	<u>General Fund</u>
Revenues	
Taxes	\$ 97,941
Licenses and Permits	17,869
State Grants	92,055
Charges for Services	450
Interest	29,282
Refunds & Rebates	17,599
Other	<u>3,100</u>
Total Revenues	258,296
Expenditures	
General Government	115,244
Public Safety	80,939
Public Works	6,003
Community/Economic Development	25,819
Recreation and Culture	894
Other	<u>9,984</u>
Total Expenditures	<u>238,883</u>
Excess Revenue Over (Under) Expenditures	19,413
Fund Balance - Beginning	<u>587,038</u>
Fund Balance - Ending	<u><u>\$ 606,451</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2008

Net Change in Fund Balance - Total Governmental Funds		\$ 19,413
Amounts reported for governmental activities in the statement of activities are different because:		
Prepaid Insurance reflects amounts that will be used in a future period:		
Current year prepaid insurance	\$ 7,090	
Prior year prepaid insurance	<u>(7,237)</u>	(147)
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net asses and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:		
Depreciation expense reported in the statement of activities		<u>(5,060)</u>
Changes in Net Assets		<u><u>\$ 14,206</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Statement of Net Assets - Fiduciary Fund March 31, 2008

	<u>Trust and Agency Funds</u>
Assets	
Cash and Investments	<u>\$ 24,953</u>
Total Assets	<u><u>\$ 24,953</u></u>
Liabilities and Net Assets	
Liabilities	
Due to County	\$ 20,451
Due to General Fund	<u>4,502</u>
Total Liabilities	<u><u>\$ 24,953</u></u>

The notes to these financial statements are an integral part of this statement.

WHITE RIVER TOWNSHIP

Notes to the Financial Statements March 31, 2008

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of White River Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by White River Township.

1. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

- a. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
- b. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

a. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. The final payment of \$16,069 was received in February 2008, thus no receivable is recorded.

b. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2007 delinquent taxes of \$12,240 were received after the year-end and recorded as revenue for the current year.

The 2007 taxable valuation of the Township totaled \$80,008,589 on which ad valorem taxes levied consisted of 1.3000 mills for general operating which is recognized in the general revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

In addition the government also reports the following fund type:

Fiduciary Fund

Agency Fund - the agency fund is used to account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

4. Assets, Liabilities, and Net Assets

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with a maturity of greater than one year at the date of purchase are stated at fair value, and all other investments are stated at cost or amortized cost.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/ borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Prepaid items are payments to vendors that benefit future reporting periods are reported on the consumption basis. There were no material inventories at year end.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB 34, infrastructure asset costs incurred prior to April 1, 2004 are not included in the financial statements.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 Years
Building Improvements	20 Years
Land Improvements	20 Years
Vehicles	5 Years
Equipment	5 - 15 Years
Software	3 Years

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

5. Budgets and Budgetary Accounting

P.A. 621 of 1978, Section 18(1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the township for these funds were adopted on the activity level. The budgets shown in these financial statements are as last amended through March 31, 2008.

Notes to the Financial Statement (Continued)

During the year ended March 31, 2008, the Township did incur the following material overexpenditures. Other immaterial overexpenditures were also incurred.

	<u>Budget</u>	<u>Actual</u>	<u>Overexpenditure</u>
Township Board	30,317	35,342	(5,025)
Montague Fire District	57,188	60,773	(3,585)

6. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Encumbrances

The Township does not use any form of encumbrance accounting.

NOTE B DEPOSITS AND INVESTMENTS

Legal Provisions for Deposits and Investments - The Investment of Surplus Funds of Political Subdivisions Act No. 20, Public Acts of 1943, as amended through December 31, 1997, state the Township, by resolution may authorize the Treasurer to invest surplus funds in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of the United States banks
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 801-3 and 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 1. The purchase of securities on a when-issued or delayed delivery basis.
 2. The ability to lend portfolio securities as long as the mutual fund receives collateral all times equal to at least 100% of the securities loaned.
 3. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperations Act of 1967, 1967 (Es Sess) PA7 MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus Funds investment Pool Act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the Local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Notes to the Financial Statements (Continued)

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above. Deposits are carried at cost. Cash deposits of the Township are in three separate financial institutions: National City Bank, Shelby State Bank, and Comerica Bank. These accounts are in the Township's own name.

The Township's deposits are in accordance with statutory authority as follows:

	Carrying Amount	Market Value
<u>General Fund</u>		
Certificates of Deposits		
National City Bank Certificate of Deposit	\$ 229,824	\$ 229,824
Total	229,824	229,824
Cash		
General - Comerica Bank Checking	376,238	286,071
Tennis Court Fund - Shelby State Savings	842	842
Land Fund - Comerica Bank Savings	7,859	7,859
Total	384,939	294,772
<u>Fiduciary Fund</u>		
Tax Account - Comerica Checking	24,953	115,941
Total Cash	409,892	410,713
Total cash - primary government	<u>\$ 639,716</u>	<u>\$ 640,537</u>
FDIC Insured		\$ 208,700
Uninsured		\$ 431,837

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk level are used as depositories.

NOTE C INTERFUND RECEIVABLES AND PAYABLES

	Receivable (Due From)	Payable (Due To)
General Fund	\$ 4,502	-
Trust and Agency (Tax)	-	4,502
	<u>\$ 4,502</u>	<u>\$ 4,502</u>

The entire amount is expected to be paid within one year.

Notes to the Financial Statement (Continued)

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 184,244	\$ -	\$ -	\$ 184,244
Capital Assets Being Depreciated				
Land Improvements	54,062	-	-	54,062
Buildings & Improvements	117,839	-	-	117,839
Subtotal	171,901	-	-	171,901
Less Accumulated Depreciation for:				
Land Improvements	14,519	2,703	-	17,222
Buildings & Improvements	23,175	2,357	-	25,532
Subtotal	37,694	5,060	-	42,754
Net Capital Assets Being Depreciated	134,207	(5,060)	-	129,147
Total Governmental Activities Capital				
Capital Assets - Net of Depreciation	<u>\$ 318,451</u>	<u>\$ (5,060)</u>	<u>\$ -</u>	<u>\$ 313,391</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 3,079
Recreation & Culture	1,981
	<u>\$ 5,060</u>

NOTE E DESIGNATED FUND BALANCE

Unreserved fund balances designated for specific purposes are as follows:

General Fund

Designated for Land Purchase	\$ 7,859
Designated for Tennis Project	842
Total Designated Fund Balance	<u>\$ 8,701</u>

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE G JOINT VENTURES

White Lake Ambulance Authority

The township is a member of White Lake Ambulance Authority, which was organized to provide emergency medical services to its member units. It is a joint venture of seven governmental units governed by a board composed of one representative of each of the respective member units. It is financed through charges to persons who use the services at rates determined by the authority with any operating deficit at year end being made up by the member units in proportion to their populations determined by the last census. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint venture's resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2007, audit report of White Lake Ambulance Authority follows:

Assets	
Current	\$ 734,402
Noncurrent	<u>301,118</u>
Total Assets	1,035,520
Liabilities	
Current	53,030
Noncurrent	<u>31,825</u>
Total Liabilities	84,855
Net Assets	<u><u>\$ 950,665</u></u>
Operating Revenues	\$ 780,158
Operating Expenses	(1,090,354)
Non-Operating	<u>447,649</u>
Net Income	<u><u>\$ 137,453</u></u>

Complete financial statements for White Lake Ambulance Authority may be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

White Lake Solid Waste Authority

The township is a member of the White Lake Solid Waste Authority which was organized for collection, disposal and recycling of garbage, rubbish, refuse and such other waste material and/or by-product for its member units. It is a joint venture of five governmental units governed by an authority board composed of representatives from each of the respective member units. The joint venture is financed by user fees as well as the member units who contribute to the authority based on their respective populations. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint ventures' resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2007, audit report of White Lake Solid Waste Authority follows:

Notes to the Financial Statements (Continued)

Assets	
Current	\$ 29,987
Noncurrent	<u>-</u>
Total Assets	29,987
Liabilities	
Current	7,633
Noncurrent	<u>-</u>
Total Liabilities	7,633
Net Assets	<u>\$ 22,354</u>
Operating Revenues	\$ 71,329
Operating Expenses	(78,033)
Non-Operating	<u>240</u>
Net Loss	<u>\$ (6,464)</u>

Complete financial statements for the White Lake Solid Waste Authority can be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

Montague Fire District

The township is a member of the Montague Fire District which was organized to provide fire protection for its member units. It is a joint venture of three governmental units governed by an authority board composed of representatives from each of the respective member units. The joint venture is financed by member units who contribute to the district based on the number of fire runs over the previous three fiscal years. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint ventures' resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The district is a blended component unit of the City of Montague and is included as a special revenue fund in the city's financial statements. Financial information based on the June 30, 2007, audit report of Montague Fire District follows:

Assets	
Current	\$ 155,863
Noncurrent	<u>571,489</u>
Total Assets	727,352
Liabilities	
Current	18,484
Noncurrent	<u>-</u>
Total Liabilities	18,484
Net Assets	<u>\$ 708,868</u>

Notes to the Financial Statements (Continued)

Operating Revenues	\$ 145,570
Operating Expenses	(167,091)
Non-Operating	<u>45,799</u>
Net Loss	<u><u>\$ 24,278</u></u>

Complete financial statements for the City of Montague may be obtained from offices at the City of Montague, 8778 Ferry, Montague, Michigan 49437.

NOTE H STATE CONSTRUCTION CODE ACT

P.A. 245 of 1999, section 22(1) of the State Construction Code Act, requires fees generated by enforcing agencies or construction board of appeals be intended to bear a reasonable relationship to the actual cost of performing those services. The fees generated by the township's enforcing agencies and the costs of providing those services were as follows for the year ended March 31, 2008:

Revenues	
Enforcement fees - permits	\$ 16,983
Expenditures	
Salaries and Wages	15,371
Supplies	335
Mileage	<u>422</u>
Total expenditures	<u>16,128</u>
Excess of revenues over expenditures	855
Excess from prior year	<u>4,906</u>
Excess at end of year	<u><u>\$ 5,761</u></u>

NOTE I RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended March 31, 2008.

WHITE RIVER TOWNSHIP

Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2008

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 95,000	\$ 95,000	\$ 97,941	\$ 2,941
Licenses and Permits	20,000	20,000	17,869	(2,131)
State Grants	90,000	90,000	92,055	2,055
Charges for Services	1,500	1,500	450	(1,050)
Interest	25,000	25,000	29,282	4,282
Refunds and Rebates	11,771	11,771	17,599	5,828
Other	<u>1,000</u>	<u>1,000</u>	<u>3,100</u>	<u>2,100</u>
Total Revenues	244,271	244,271	258,296	14,025
Expenditures				
General Government	104,900	109,603	115,244	(5,641)
Public Safety	81,050	78,154	80,939	(2,785)
Public Works	5,800	6,003	6,003	-
Comm./Economic Development	6,000	26,449	25,819	630
Recreation and Culture	1,800	1,800	894	906
Other	<u>219,575</u>	<u>206,672</u>	<u>9,984</u>	<u>196,688</u>
Total Expenditures	<u>419,125</u>	<u>428,681</u>	<u>238,883</u>	<u>189,798</u>
Excess Revenue Over (Under)				
Expenditures	(174,854)	(184,410)	19,413	203,823
Fund Balance - Beginning	<u>557,870</u>	<u>557,870</u>	<u>587,038</u>	<u>29,168</u>
Fund Balance - Ending	<u><u>\$ 383,016</u></u>	<u><u>\$ 373,460</u></u>	<u><u>\$ 606,451</u></u>	<u><u>\$ 232,991</u></u>

WHITE RIVER TOWNSHIP

Statement of Revenues, Expenditures, and Changes
in Fund Balance - General Fund (Budget and Actual)
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Taxes and PTAF	\$ 95,000	\$ 97,941	\$ 2,941
Licenses and Permits	20,000	17,869	(2,131)
State Grants-Shared Revenue	90,000	92,055	2,055
Charges for Services	1,500	450	(1,050)
Interest	25,000	29,282	4,282
Refunds and Reimbursements	11,771	17,599	5,828
Other	<u>1,000</u>	<u>3,100</u>	<u>2,100</u>
Total Revenues	244,271	258,296	14,025
Expenditures			
General Government			
Township Board			
Salaries and Wages		4,100	
Lawyers Fees		20,381	
Appraisal		2,500	
Planner		18	
Printing & Publishing		521	
Mileage		265	
Dues		1,365	
Seminars		203	
Payroll Expenses		4,943	
Workman's Comp.		750	
Miscellaneous		<u>296</u>	
	30,317	35,342	(5,025)
Supervisor			
Salaries and Wages		10,330	
Supplies		10	
Mileage		<u>51</u>	
	10,330	10,391	(61)

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Elections			
Salaries and Wages		1,619	
Supplies		<u>394</u>	
	2,013	2,013	-
Assessor			
Contracted Services		20,715	
Supplies		1,062	
Tech. Support		<u>660</u>	
	23,988	22,437	1,551
Clerk			
Salaries and Wages		11,559	
Supplies		459	
Dues		30	
Mileage		<u>20</u>	
	11,758	12,068	(310)
Board of Review			
Salaries and Wages		1,654	
Printing & Publishing		734	
Mileage		<u>23</u>	
	1,500	2,411	(911)
Treasurer			
Salaries and Wages		14,497	
Supplies		1,439	
Tax Program		465	
Printing and Publishing		<u>298</u>	
	17,716	16,699	1,017
Township Hall and Grounds			
Salaries and Wages		3,381	
Supplies		1,180	
Repairs and Maintenance		1,282	
Utilities		3,038	
Refunds		425	
Phone/Internet		<u>1,398</u>	
	9,697	10,704	(1,007)

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Cemetery			
Salaries & Wages		924	
Utilities		194	
Maintenance		<u>2,061</u>	
	<u>2,284</u>	<u>3,179</u>	<u>(895)</u>
Total General Government	109,603	115,244	(616)
Public Safety			
Constable			
Salaries & Wages	2,400	2,400	-
Montague Fire District			
Fire Protection Services		45,648	
Equipment Fund		13,125	
Building Fund		<u>2,000</u>	
	57,188	60,773	(3,585)
Public Safety			
Publishing		137	
Electric		96	
Life Ring Alarm		<u>1,406</u>	
	1,826	1,639	187
Building Inspector			
Salaries & Wages		8,009	
Electric		137	
Mileage		<u>421</u>	
	8,732	8,567	165
Plumbing Inspector			
Salaries & Wages		1,522	
Supplies		<u>66</u>	
	1,402	1,588	(186)
Mechanical & Electrical Inspector			
Permits		5,840	
Supplies		<u>132</u>	
	<u>6,606</u>	<u>5,972</u>	<u>634</u>
Total Public Safety	78,154	80,939	(2,785)

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Public Works

Streets

Dust Layer	2,216	2,216	-
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White Lake Solid Waste	<u>3,787</u>	<u>3,787</u>	<u>-</u>
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Total Public Works	6,003	6,003	-
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Community/Economic Development

Planning & Zoning Commission

Salaries & Wages	2,076
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Printing & Publishing	332
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Seminars	403
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Lawyer Fees	14,369
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Planner	7,846
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Other	<u>173</u>
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	25,199	25,199	-
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Zoning Board Administrator

Salaries & Wages	244
------------------	-----

Printing and Publishing	156
-------------------------	-----

Seminars	<u>220</u>
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	<u>1,250</u>	<u>620</u>	<u>630</u>
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Total Community/Economic Dev.	26,449	25,819	630
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Recreation and Cultural

Parks & Recreation

Salaries & Wages	363
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Maintenance	430
-------------	-----

Utilities	85
-----------	----

Tennis Courts	<u>16</u>
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Total Recreation & Cultural	1,800	894	906
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Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Other Functions

Muskegon County Drain Spray	350	350	-
Montague Museum	200	200	-
Senior Center	1,000	1,000	-
Fire Works	600	600	-
D.A.R.E.	800	800	-
Capital Outlay	97	-	97
Land Trust Fund Grant	166,425	-	166,425
Fire Barn	30,000	-	30,000
Insurance	<u>7,200</u>	<u>7,034</u>	<u>166</u>
Total Other Functions	<u>206,672</u>	<u>9,984</u>	<u>196,688</u>

Total Expenditures	<u>428,681</u>	<u>238,883</u>	<u>189,798</u>
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Excess Revenues Over
(Under) Expenditures

<u>\$ (184,410)</u>	19,413	<u>\$ 203,823</u>
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Fund Balance - Beginning

587,038

Fund Balance - Ending

\$ 606,451

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

July 25, 2008

To the Township Board
White River Township

We have audited the financial statements of the governmental activities of White River Township for the year ended March 31, 2008, and have issued our report thereon dated July 25, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 9, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by White River Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year March 31, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of accumulated depreciation is based on life expectancies. We evaluated the key factors and assumptions used to develop accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements .

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 25, 2008.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of the audit we discovered transactions that appeared to occur in the 2008-2009 fiscal year; however, they were back dated to be included in the 2007-2008 fiscal year. We would like to emphasize reporting transactions as of the date they actually occur, not when they should have occurred. If a transaction is to be included in the current fiscal year but actually occurs in the following year, an adjusting journal entry should be prepared in lieu of back dating transactions.

We would also like to emphasize the importance of preparing monthly bank reconciliations for all accounts on a timely basis using the appropriate cut-off date (usually the last day of the month). In reference to the preceding paragraph, it is difficult to complete the bank reconciliation if transactions are being back dated. After the bank reconciliation is prepared the clerk and treasurer's records must be compared and any discrepancies resolved. Even though it is not the clerk's responsibility to prepare bank reconciliations, the clerk could prepare the reconciliation in the QuickBooks program. The treasurer would continue to reconcile the bank accounts but this would help find any discrepancies between the two and ensure the balances match exactly.

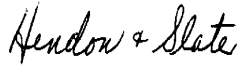
Once the audit was completed and all adjustments were made we compared budget amounts to actual and found accounts that were over budget. These amounts over budget were caused by audit adjustments; however, it seems as though the budget is being amended to include items paid for and do not take into account expenses incurred but not yet paid for. Also, it appears the budget is being amended to equal the exact amount of the expenditures, which is not necessarily the purpose of the budget. We recommend the budget be reviewed before year end to include any amounts not paid for but incurred in the current fiscal year. This will help eliminate these over expenditures.

While the Township is following the common practice amongst small governments of having the treasurer bear all of the responsibility for accounting for tax receipts and disbursements, the Uniform Accounting Procedures Manual does state that the clerk is to have a role in this process. Per the Manual, the Township should have a separate set of accounts similar to any other fund (such as the General Fund) and should use the same practices for accounting for transactions. That is to say that the Treasurer should receipt tax revenues and provide the receipt to the clerk to be recorded in the Trust and Agency Fund accounting records. The clerk should also record all of the checks out of the Trust and Agency Fund and reconcile the accounts of this fund with the treasurer's records. Since the Township has one Trust and Agency Fund type (Current Tax Collections fund), the clerk's set of records would include one additional "company" within QuickBooks appropriately titled for each fund. We understand that the Township may see this as an unnecessary series of steps that have never been performed and are often not performed by other Townships, but we view this as an opportunity to both comply with the Uniform

Accounting Procedures Manual as well as strengthening the internal controls over cash and the entire tax collection and disbursement process. We have included a copy of the Uniform Accounting Procedures Manual and would be happy to assist the township in implementing these changes.

This information is intended solely for the use of White River Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
Fremont, MI

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members
White River Township
Montague, MI 49437

In planning and performing our audit of the financial statements of White River Township as of and for the year ended March 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered White River Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of White River Township's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Financial Statement Preparation

The management of White River Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report in accordance with accounting principles generally accepted in the United States of America.

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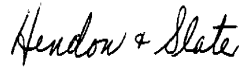
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Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
July 25, 2008